

Message Text

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INFO OCT-01 ISO-00 EB-07 COME-00 SIL-01 LAB-04 OMB-01

TRSE-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

CIEP-01 /072 W

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R 241800Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0036

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

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AMCONSUL EDINBURGH

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E.O. 11652: N/A

TAGS: PGOV, PINT, EGEN, UK

SUBJECT: HEATH MAKES A "BIGGER SPLASH"

REF: LONDON 11219 AND 11251

SUMMARY: AN IMPRESSIVE HALF-HOUR SPEECH BY FORMER
CONSERVATIVE LEADER EDWARD HEATH WAS HIGHLIGHT OF SECOND
DAY DEBATE ON ANTI-INFLATION WHITE PAPER JULY 22. HEATH
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INDICATED HIS WHOLEHEARTED SUPPORT FOR GOVERNMENT'S EFFORTS TO CONTROL INFLATION, OFFERED PRIME MINISTER WILSON FRIENDLY ADVICE AND IMPLICITLY PRESENTED STRONG CRITICISM OF TORY POLICY OF ABSTAINING ON HEALEY PROGRAM. HOWEVER HEATH HIMSELF ABSTAINED ON FINAL VOTE, SOMEWHAT VITIATING NET EFFECT OF HIS PRESENTATION. END SUMMARY.

1. FORMER CONSERVATIVE LEADER HEATH ELECTRIFIED COMMONS IN ECONOMIC DEBATE JULY 22 WITH 28-MINUTE SPEECH HIGHLY APPLAUDED BY SOME CONSERVATIVES AND LARGE NUMBER OF LABOR MP'S. CRITICS CONSIDERED HIS SPEECH PERHAPS HIS BEST EVER EFFORT IN COMMONS.

2. OCCASION WAS ONLY THE SECOND TIME HEATH HAS SPOKEN IN COMMONS SINCE LEADERSHIP ELECTION LAST WINTER. HIS SPEECH WAS A MODEL OF CLEAR EXPOSITION, ATTACKING BOTH THE LACKS IN THE HEALEY PROGRAM AS WELL AS THE GOVERNMENT'S DELAYED ACTIONS IN COMBATTING INFLATION. ABSENT FROM HIS SPEECH WAS THE KIND OF BICKERING WHICH HAS TO DATE. PARLIAMENT WAS PACKED FOR HIS SPEECH AND HE HAD THE KIND OF RESPECTFUL ATTENTION TO HIS REMARKS WHICH THE COMMONS ONLY RARELY ACCORDS TO DEBATE PARTICIPANTS.

3. HEATH SAID THAT HE UNEQUIVOCALLY SUPPORTED THE GOVERNMENT'S PLANS TO SOLVE THE INFLATION PROBLEM BRITAIN FACES. HE DEPLORED THE GOVERNMENT'S FAILURE TO PUBLISH THE DETAILED LEGISLATION ON SANCTIONS IT PROPOSES IF WAGE GUIDELINES ARE VIOLATED. HE SUGGESTED THE GOVERNMENT COULD PERHAPS BE JUDGED FOR ITS INCOMPETENCE RATHER THAN SUSPECTED OF ITS MOTIVES IN WITHHOLDING THE DRAFT BILL. FOR THE PRIME MINISTER TO SAY THAT THE BILL WAS PREPARED AND NOT TO BRING IT TO THE HOUSE WAS "INDEFENSIBLE," BUT TO GIVE NO REASON FOR NOT BRINGING IT INTO THE HOUSE WAS "OFFENSIVE."

4. HEATH CAME OUT STRONGLY FOR A POLICY OF OBTAINING WIDE POPULAR CONSENT FOR THE NEW MEASURES. IT WAS NOT ENOUGH, HEATH SAID, TO OBTAIN THE SUPPORT ONLY OF THE CBI AND OF THE TRADE UNIONS. THE WIDER POPULACE MUST BE INFORMED. HEATH SAID THE BRITISH PEOPLE HAVE TO BE LIMITED OFFICIAL USE

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ADVISED OF THE "STARK HORRORS" OF THE PRESENT ECONOMIC SITUATION AND HE EXPRESSED CONFIDENCE THAT THEY WOULD RESPOND FAVORABLY.

5. HEATH ALSO SAID THAT THE GOVERNMENT WOULD HAVE TO ACCEPT THE INEVITABILITY OF PRICE RISES ALREADY IN THE PIPELINE WHICH WOULD TAKE EFFECT IN THE PERIOD UP TO THE NEW YEAR, RESULTING IN A DECREASING STANDARD OF LIVING

FOR MANY PARTS OF THE POPULACE. THE GOVERNMENT WOULD ALSO HAVE TO FACE THE VERY STRONG PROBABILITY UNEMPLOYMENT WILL CONTINUE TO RISE-AND SUBSTANTIALY, PERHAPS REACHING THE ONE AND A HALF MILLION LEVEL FORECAST.

6. REFERRING TO THE RECENT REFERENDUM CAMPAIGN, HEATH SAID THAT MANY PEOPLE HAD BEEN MOBILIZED IN THE CAMPAIGN AND THAT THEY SHOULD BE MOBILIZED AGAIN IN THE GENERAL BATTLE AGAINST INFLATION. HE CONCLUDED HIS REMARKS BY POINTING OUT THAT THE HOUSE NOW HAD THE RESPONSIBILITY FOR INFORMING THE PEOPLE OF THE ISSUES IN THE ECONOMIC CRISIS AND OBTAINING THE SUPPORT AND COOPERATION OF THE NATION. COMMENT: BY ALL ODDS, HEATH'S SPEECH WAS AN

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R 241800Z JUL 75 ZDK
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3163
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
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IMPRESSIVE CONTRIBUTION TO THE ECONOMIC DEBATE. IT REAFFIRMED HIS ROLE AS A SENIOR STATESMAN WITH A TREMENDOUS AMOUNT OF EXPERIENCE ON CURRENT ECONOMIC AND POLITICAL PROBLEMS. A TORY MP TOLD AN EMBASSY OFFICER JULY 23 THAT HEATH'S PERFORMANCE WAS UNIQUE IN RECENT PARLIAMENTARY HISTORY. HE ALSO NOTED WRYLY THAT HEATH WOULD NOT HAVE BEEN ACCORDED THE RESPECTFUL ATTENTION OF THE HOUSE
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OF COMMONS HAD HE BEEN SPEAKING FROM THE BOX RATHER THAN FROM THE BACK BENCHES.

7. SOME OF THE EXCITEMENT ABOUT HEATH'S SPEECH WAS OCCASIONED BY THE INFREQUENCY OF HIS CONTRIBUTIONS TO PARLIAMENTARY DEBATE. ANOTHER FACTOR WAS THE ANTICIPATION THAT HIS SPEECH WOULD ILLUSTRATE GRAPHICALLY THE DIVISIONS WITHIN THE CONSERVATIVE PARTY ON ECONOMIC POLICY. WHILE THE SPEECH DID NOT END UP AS AN OVERT CRITICAL ATTACK ON THE CONSERVATIVE PRESENTATIONS MADE BY MRS. THATCHER AND SIR GEOFFREY HOWE, THE DIFFERENCES ON POLICY ARE NONETHELESS APPARENT.

8. IN A RADIO INTERVIEW FOLLOWING HIS SPEECH, HEATH ADROITLY DUCKED A QUESTION AS TO WHETHER HE WAS ACTUALLY CHALLENGING THE CONSERVATIVE VIEW EXPRESSED BY MRS. THATCHER AND WHETHER HE WAS REINSTITUTING A BID TO REGAIN THE LEADERSHIP POSITION THROUGH HIS VEILED REFERENCES TO THE NEED FOR A UNITED POSITION TO FIGHT INFLATION (I.E., SOME FORM OF COALITION). HEATH RESTRICTED HIS REMARKS TO REPEATING A STATEMENT HE MADE IN FEBRUARY THAT HE WAS RETIRING TO THE BACK BENCHES IN ORDER TO BE ABLE TO SPEAK OUT ON THE GREAT ISSUES OF THE DAY. WHILE THIS OBVIOUSLY DID NOT SATISFY THE INTERVIEWER AND LEFT MANY QUESTIONS IN THE MINDS OF HEARERS, IT NONETHELESS WAS PERHAPS THE TACTICAL ANSWER CALLED FOR.

RICHARDSON

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